

**ORIGINAL**

BEFORE THE  
POSTAL RATE COMMISSION  
WASHINGTON, D.C. 20268-0001

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Docket No. MC98-1

RESPONSE OF UNITED STATES POSTAL SERVICE  
WITNESS SECKAR TO INTERROGATORIES OF  
THE OFFICE OF THE CONSUMER ADVOCATE  
(OCA/USPS-T2-11-13, 14(D), AND 16(D))

The United States Postal Service hereby provides the responses of witness Seckar to the following interrogatories of the Office of the Consumer Advocate: OCA/USPS-T2-11-13, 14(d), and 16(d), filed on September 9, 1998. Interrogatories OCA/USPS-T2-14(a-c), 15, and 16(a-c) were redirected to witness Stirewalt. Presiding Officer's Ruling No. MC98-1/8, issued September 17, 1998, extended the deadline for answering these interrogatories until today.


Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

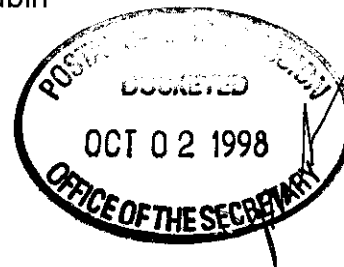
UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking

  
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David H. Rubin

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October 2, 1998



**RESPONSE OF POSTAL SERVICE WITNESS SECKAR TO  
INTERROGATORY OF OFFICE OF THE CONSUMER ADVOCATE**

**OCA/USPS-T2-11.** Please refer to USPS-T-2, Exhibit A, Table 14.

- a. Please explain the phrase "System Developer" on line (29).
- b. Please provide a detailed breakdown of the system developer costs of \$1,138,310, found on line (29).
- c. In what year(s) are the system developer costs incurred?

**RESPONSE:**

- a.-c. Please refer to Tr. 2/425, which discusses system developer costs.

**RESPONSE OF POSTAL SERVICE WITNESS SECKAR TO  
INTERROGATORY OF OFFICE OF THE CONSUMER ADVOCATE**

**OCA/USPS-T2-12.** Please refer to USPS-T-2, Exhibit A, Table 14, and USPS-LR-1/MC98-1, Attachment 2 at 18.

- a. For 1999, please confirm that the total information systems fixed costs are \$1,145,387. If you do not confirm, please explain.
- b. Please confirm that the system developer cost is \$1,138,310. If you do not confirm, please explain.
- c. Please confirm that the information systems fixed costs, including system developer costs, are \$2,283,697. If you do not confirm, please explain.
- d. Please confirm that the information systems fixed costs, including system developer costs, to be recovered in 1999 are \$831,867. If you do not confirm, please explain.
- e. Please confirm that the information systems fixed costs, including system developer costs, to be recovered in 2000 are \$1,451,830. If you do not confirm, please explain.

**RESPONSE:**

- a. Not confirmed. The information systems fixed costs of \$1,145,387 will be incurred in both 1998 and 1999. See Tr. 2/425.
- b. Confirmed.
- c. Confirmed.
- d. Confirmed that the information systems fixed costs to be recovered in 1999 are \$831,867. However, please note that a portion of those costs will be incurred in 1998. See Tr. 2/425.
- e. Confirmed.

**RESPONSE OF POSTAL SERVICE WITNESS SECKAR TO  
INTERROGATORY OF OFFICE OF THE CONSUMER ADVOCATE**

**OCA/USPS-T2-13.** Please refer to USPS-T-2, Exhibit A, Tables 14 and 15, and USPS-LR-1/MC98-1, Attachment 2 at 18.

a. For 1999, please confirm that the total information systems variable costs are \$1,558,624. If you do not confirm, please explain.

b. For 2000, please confirm that the total information systems variable costs are \$2,032,515. If you do not confirm, please explain.

c. Please confirm that the total of information system fixed costs, including system developer costs, and information system variable costs, to be recovered in 1999, is \$2,390,491 (\$831,867 + \$1,558,624). If you do not confirm, please explain.

d. Please confirm that the total of information system fixed costs, including system developer costs, and information system variable costs, to be recovered in 2000, is \$3,484,345 (\$1,451,830 + \$2,032,515). If you do not confirm, please explain.

**RESPONSE:**

a. Confirmed.

b. Confirmed.

c. Confirmed only under the assumption that all these variable costs will actually be incurred in 1999 and hence need to be recovered in 1999.

d. Confirmed only under the assumption that all these variable costs will actually be incurred in 2000 and hence need to be recovered in 2000.

**RESPONSE OF POSTAL SERVICE WITNESS SECKAR TO  
INTERROGATORY OF OFFICE OF THE CONSUMER ADVOCATE**

**OCA/USPS-T2-14.** Please refer to USPS-T-2, Exhibit A, Tables 14 and 15.

a. For 1999, please confirm that the average information system fixed cost (including system developer costs), per transaction, is \$11.60 ( $\$831,867 / 71,722$ ). If you do not confirm, please explain and provide the correct figure.

b. For 1999, please confirm that the average information system variable cost, per transaction, is \$21.73 ( $\$1,558,624 / 71,722$ ). If you do not confirm, please explain and provide the correct figure.

c. For 1999, please confirm that the total average information system cost (fixed and variable), per transaction, is \$33.33 ( $\$2,390,491 / 71,722$ ). If you do not confirm, please explain and provide the correct figure.

d. For 1999, please confirm that if the average number of pieces per transaction is less than the 4,120 assumed by witness Stirewalt, then the total average information system cost per piece would be higher than the \$0.0012 cents per impression calculated in USPS-T-2, Exhibit A, Table 1. If you do not confirm, please explain.

**RESPONSE:**

a.-c. Redirected to witness Stirewalt.

d. Not confirmed. Please see my response to OCA/USPS-T3-26, and note that the correct unit for associating information systems costs is impressions, and not transactions. If the average number of pieces per transaction changes, then the number of customer sessions, and therefore transactions, might also change. However, the number of pieces and hence impressions does not depend directly on the number of transactions, and therefore does not change. If the average number of pieces per transaction were less than 4,120, the total number of pieces would be spread across a greater number of transactions. Since volume does not change, information systems cost per impression would not change.

**RESPONSE OF POSTAL SERVICE WITNESS SECKAR TO  
INTERROGATORY OF OFFICE OF THE CONSUMER ADVOCATE**

**OCA/USPS-T2-16.** Please refer to USPS-T-2, Exhibit A, Tables 14 and 15.

a. For 2000, please confirm that the average information system fixed cost (including system developer costs), per transaction, is \$11.59 (\$1,451,830 / 125,268). If you do not confirm, please explain and provide the correct figure.

b. For 2000, please confirm that the average information system variable cost, per transaction, is \$16.23 (\$2,032,515 / 125,268). If you do not confirm, please explain and provide the correct figure.

c. For 2000, please confirm that the total average information system cost (fixed and variable), per transaction, is \$27.82 (\$3,484,345 / 125,268). If you do not confirm, please explain and provide the correct figure.

d. For 2000, please confirm that if the average number of pieces per transaction is less than the 4,119 assumed by witness Stirewalt, then the total average information system cost per piece would be higher than the \$0.001 cents per impression calculated in USPS-T-2, Exhibit A, Table 1. If you do not confirm, please explain.

**RESPONSE:**

a.-c. Redirected to witness Stirewalt.

d. Please see my response to (14)d.

## DECLARATION

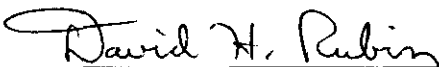
I, Paul G. Seckar, declare under penalty of perjury that the foregoing answers are true and correct to the best of my knowledge, information, and belief.

Paul G. Seckar

Date: OCTOBER 2, 1998

### **CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

  
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David H. Rubin

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October 2, 1998